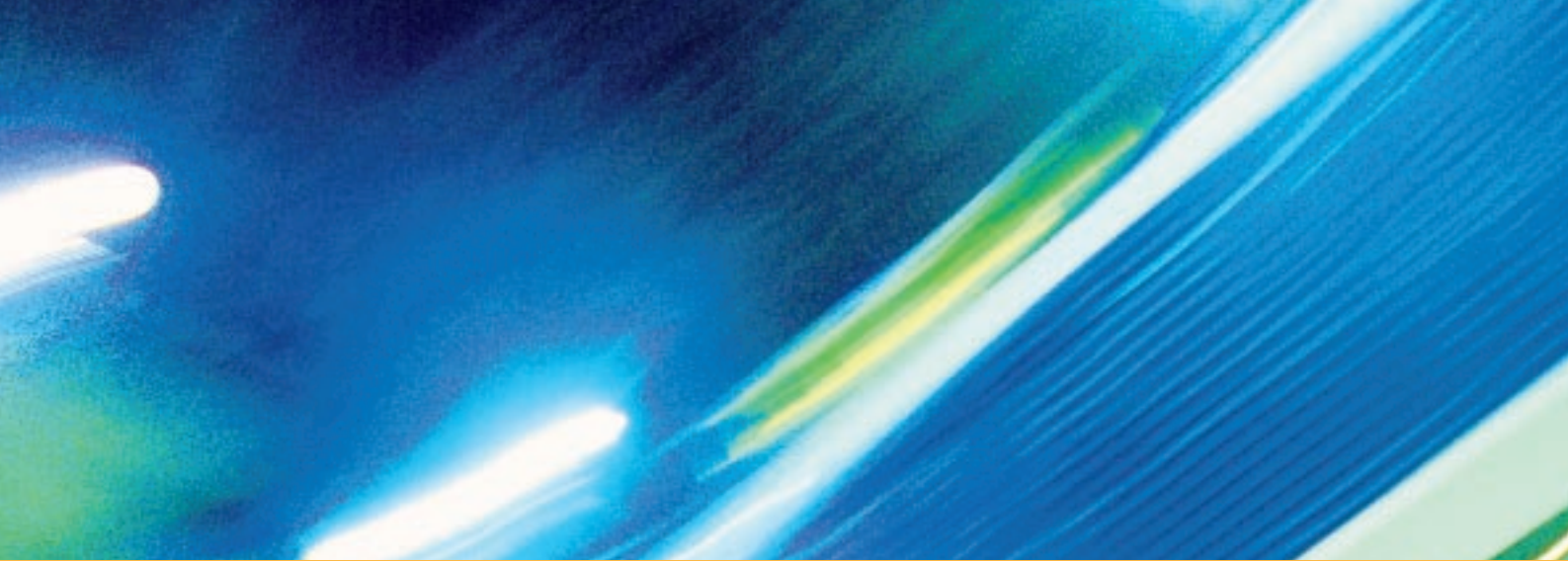


# Metro Tasmania

ANNUAL REPORT

ANNUAL REPORT 1999 / 2000





**People from all walks of life statewide rely on Metro everyday to get them to where they are going safely and on time. Metro's aim is to provide the best possible service to the Tasmanian public**



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10:06pm



11:23pm

12:25am

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## Introduction

The principal objective of Metro Tasmania Pty Ltd as defined in the *Metro Tasmania Act, 1997* is:

*"To provide, road passenger transport services in Tasmania and to operate those services in a manner consistent with sound commercial practice."*

Metro Tasmania Pty Ltd evolved from the Metropolitan Transport Trust (MTT) which itself was formed by the transfer of urban public transport services operated by the Hobart and Launceston City Councils. In 1959, MTT extended its operations to the Burnie Municipality.

Metro Tasmania operating areas, are defined in schedule 1 of the *Metro Tasmania (Transitional and Consequential Provisions) Act 1997*. These are broadly defined as follows; *"..within a 22 kilometre radius of the Hobart General Post Office, within a 12 kilometre radius of the Principal Post Office in Launceston, and throughout the Burnie Municipality and from Burnie to Wynyard and Ulverstone."*

Metro Tasmania became a State Owned Company operating under Corporations Law in February 1998.

In May 1999 Metro formed a subsidiary company, Metro Coaches (Tas) Pty Ltd, to operate bus passenger transport services purchased by Metro running from Hobart to Kingston, /Blackmans Bay, the Channel, Richmond and New Norfolk.

Metro is the registered trading name of Metro Tasmania Pty Ltd and Hobart Coaches is the registered trading name of Metro Coaches (Tas) Pty Ltd.



10:06pm  
12:03pm  
7:50am  
6:50





## Company Directory

Nature of Business:	Provision of bus transport services.
Issued Capital:	Two shares of \$1.00 each.
Registered Office:	212 Main Road Moonah, Tasmania
ACN Number:	081 467 281
Directors:	Ms Sally Denny B Ec FCPA, Chairperson Mr John Lees Ms Ketrina Clarke LLB MBA, Barrister & Solicitor Mr Michael Wisby B.Comm Mr Fred Van Buren
Shareholders:	Crown of Tasmania
Executives:	Mr Laurie Hansen, Chief Executive Officer Mr George Keenlyside, Manager Corporate Services and Company Secretary Mr Tony Sim, Group Manager Operations and Engineering Mr Stuart Davies, Manager Business Services and Manager Hobart Coaches Mr David Tardy, Manager Planning and Development
Bankers:	Commonwealth Bank of Australia 81 Elizabeth Street Hobart, Tasmania
Solicitors:	Murdoch Clarke 10 Victoria Street Hobart, Tasmania
Auditor:	Auditor General

## Principal Offices

### HOBART

Address: Head Office  
212-220 Main Road, Moonah, Tas

Postal Address: PO Box 61, Moonah, 7009

Telephone: (03) 6233 4232

Facsimile: (03) 6272 8770

E-mail: [infoline@metrotas.com.au](mailto:infoline@metrotas.com.au)

The Metro Shop: Hobart GPO  
Elizabeth Street Mall  
Hobart, 7000

### LAUNCESTON

Address: 168 Wellington Street, Launceston, Tas

Postal Address: PO Box 578, Launceston, 7250

Telephone: (03) 6336 5888

Facsimile: (03) 6336 5899

### BURNIE

Address: 28 Strahan Street, Burnie, Tas

Postal Address: PO Box 182, Burnie, 7320

Telephone: (03) 6431 3822

Facsimile: (03) 6431 9336

Website: [www.metrotas.com.au](http://www.metrotas.com.au)



5:33pm  
9:12am  
7:45

8:16pm



## Chairpersons Review

### OVERVIEW OF OPERATIONS AND FINANCIAL RESULTS

This is Metro's second full year operating as a State Owned Company under Corporations Law and private sector commercial practice.

Metro's profit of \$763,000 after abnormal charges was significantly better than the budgeted 'breakeven' result. In view of the most difficult operating environment including the significant increase in cost of fuel and the financial terms of Metro's Community Service Agreement contract, the result is most pleasing.

As a consequence of a number of factors including an adjustment to the provision for non-contributory members to Retirement Benefits Fund, the Board was pleased to be able to recommend a dividend payment to its shareholders. This is the first time either Metro or its predecessors has been able to make such a payment. The Board of Metro has recommended a payment of a dividend for financial year 1999-2000 equal to 70% of profit before taxation. That is payment of a dividend of \$534,000.

Revenue from non-core activities including charter and bus advertising continued to grow during the year. Despite significant increases in fuel costs increased expenditure was more than off set by increased revenue.

The terms of the Community Service Agreement contract with government for urban bus services allows only for a 'breakeven' result. The cost of equity employed in delivering services is not recognised and the commercial cost of providing them is therefore understated. The company continues to seek to negotiate the inclusion of a commercial return on equity in its contract.

### OPERATING CONDITIONS



Metro's operations are benefiting from the decline in the very high levels of unemployment. However, the forecast population decline may have an impact on Metro's business into the future. The level of business confidence continues to display a positive outlook and should this continue it will also contribute to an improving environment for Metro services.

While the significant increases in fuel prices have impacted on Metro's costs it has also impacted on private motorists and made Metro's services more attractive. Some analysts are projecting greater increases in the year ahead and Metro intends to take advantage in offering its services as a cost effective alternative to the privately owned car.

Major regulatory reforms in the passenger transport industry were effected during June 2000 with the proclaiming of the *Passenger Transport Act 1997*. A major feature of these reforms is that a clear purchaser-provider

model will be adopted for the Government contracting in regular passenger transport services. Special transitional arrangements will be adopted to progressively review all bus services before long term contracts are entered into. The intention is to encourage an industry led review process. It will be important for Metro and Metro Coaches to be proactively involved in this process so as to ensure any overlap or duplication in service provision is properly addressed, and that a clear and appropriate role for Metro is maintained.

The introduction of a Metro style Urban transport service into Devonport is seen as a positive step by Government. It provides Metro with confidence to plan for the future with the knowledge that the Government has a strong commitment to urban public transport.

The industrial environment affecting the organisation has remained harmonious with no disputation over the reporting period.

Among the major tasks successfully undertaken by Metro staff during the year has been the successful planning for Year 2000 issues, introduction of the Goods and Services Tax and planning and providing transport for the Interhash. The Interhash transport task was a very large undertaking. The event which was over two and half days was amongst the largest logistical task ever undertaken by Metro.

## PATRONAGE

The most challenging issue for the company remains the battle to retain and regain patronage on its services. National and international experience in the area of public transport's struggle for ridership retention against the convenience and flexibility of the private motor vehicle confirms this view.

As advised increases in fuel prices above \$1.00 a litre and improvements in employment prospects are expected to have some positive impact on ridership numbers.

This financial year has seen a decline of 0.7% in first boarding patronage compared to the previous twelve month period. This represents an enormous improvement from previous years where the declines were of significant magnitude. In the years 96/97, 97/98, and 98/99 the decline rates were 8.3%, 5.5% and 3.9% respectively. Whilst employment conditions have improved, there still remains a high proportion of unemployed and this continues to have an impact on journey to work patronage. The full adult category has seen a decline. There has also been a decline in student travel and this category represented the largest decline. Metro believes this may be a reflection of student enrolments. The extent that families are leaving the state is also a possible explanation for the decline in student boardings. Concession travel has grown significantly over the previous year's level. However, the issue of declining patronage is still of concern. The farebox revenue declined by \$148,000 this financial year.

Strategies to combat patronage decline have included the provision of hail and ride services (courtesy zones), improved customer information, improved security, striving to meet customer service charter obligations, employment of women as drivers, and extensive advertising and promotion campaigns.

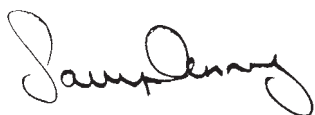
A study by Booz Allen and Hamilton, Transport Consultants, instigated to examine patronage trends on behalf of Metro, was completed. The document will be crucial to the development of patronage growth strategies and in the development of passenger and infrastructure transport policy.

A second study by Booz Allen and Hamilton on cost benchmarking of Metro measured against public and private bus companies was completed. The study showed Metro to be the most cost-effective publicly owned bus company in Australia by a significant margin.

The Government Prices Oversight Commission (GPOC) conducted its second investigation into Metro, recommending increases in fares in all categories except primary and secondary students. This position will be adopted in July 2000.

## METRO COACHES (TAS) PTY LTD

Hobart Coaches performed solidly in its first full year of operations and provided a valuable contribution to Metro's results for the year. The planned cost savings to be achieved through integration by the acquisition of licences and buses for the provision of timetable services complimentary to Metro's existing services have been achieved. Patronage and charter both exceeded initial projections.



Sally Denny  
CHAIRPERSON





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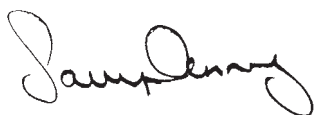
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Sally Denny  
CHAIRPERSON





## Chief Executive Officer's Review

The prime focus of activities in 1999-2000 has been towards addressing the continuing decline in patronage. A number of initiatives were undertaken in an attempt to improve the attractiveness of Metro's services. The initiatives and the improving State economy has resulted in Metro recording the best first boardings patronage outcome for many years. The adult full fare category declined by 1.7%. The student/child category declined by 2.8%. The adult concession category saw an increase of 2.9% - the overall result being a decline of 0.7%. When this figure is compared to the rate of decline in the previous three years, 1996/97 by 8.3%, 1997/98 by 5.5% and 1998/99 by 3.9%, it can be seen that a significant positive shift in the trend has occurred. The impact of increasing petrol prices at the pump is expected to provide good marketing opportunities for public transport as a cost effective alternative to the private car in the immediate future.

## REVIEW OF PATRONAGE TRENDS

Metro undertook a major investigation into patronage trends through consultants Booz Allen and Hamilton. This report will form the basis of planning for services into the future. The report represents the first comprehensive study of patronage in the Tasmanian context. It examines past trends and provides projections for future planning.

The report which is a 'Commercial In Confidence' document will be heavily relied on by Metro in competing for improved share of ridership against the car and bus operator competitors.

## SPECIAL EVENTS

Metro was contracted to provide the transport task for the Hash Harriers (Interhash) in February, 2000. Southern Tasmania played host to their international event, involving some 4,000 active participants from many parts of the world and in excess of 2,000 partners and associates.

The task represented a major exercise in logistics involving the movement of some 4,000 people nine times over two and a half days, clearly the biggest single bus transport task ever undertaken by Metro. Much praise has been received for the work performed on the task.

A number of other events were supported by Metro services. In particular, all-night services in Hobart to cater for celebrations associated with the special nature of New Years Eve.

Other services included:

- Night in the Gorge (Launceston);
- Carols by Candlelight (Hobart, Glenorchy and Launceston)
- Anzac Day Dawn Service (Hobart and Launceston); and
- Streets Alive Festival, Launceston.

## STREET INFRASTRUCTURE AND CUSTOMER SECURITY

Ongoing maintenance and improvement of on-street facilities included the following:

- Five new passenger shelters installed in Hobart and 3 in Launceston and 2 in Burnie.
- Four passenger shelters were refurbished in Hobart and 8 in Burnie.
- In Burnie construction of terminal facilities at Cattley Street were completed. Metro contributed \$50,000 towards the cost. This facility provides an attractive, comfortable and friendly environment for passengers in the CBD area of Burnie.

- A program to freshen and improve all information at Bus Stations was commenced and will be completed by October 2000.
- Twenty additional security surveillance cameras and video units were provided on Metro vehicles (3 in Launceston).
- Security guard surveillance under contract was continued at Bus Stations in Hobart and on buses during evenings with particular attention on Friday and Saturday evenings. Security guard arrangements were introduced into Launceston during the year.
- Anti graffiti paint was trialed on bus shelters. These trials have proved successful to the extent that some 18 shelters have now been repainted with plans for extension of the concept in the new year throughout Hobart and Launceston.
- Three articulated buses were repainted and the interior refreshed with new seating material.
- Additional timetable display cases were installed in Hobart, Launceston and Burnie as part of a continuous improvement program for timetable presentation at all major bus stops.

### CUSTOMER SERVICE

The Metro Customer Service Charter was launched in July 1997. The Charter outlines Metro's determination to meet its customers' expectations and guarantees service delivery and customer service standards. Training of its employees is seen by Metro as playing a major role in meeting its customer service charter obligations.

Some 200 Metro bus operators undertook training to obtain accredited qualifications in the area of transport and distribution (road transport). In addition, a training program for frontline managers was introduced and will be completed early next year.

Training has commenced for managers and supervisors so that they may understand their obligations with respect to the Anti-Discrimination Legislation which was recently proclaimed. In addition targeted training is proposed for the driving workforce.

Assessments of performance were conducted by John Birkett and Associates against the commitments contained in the Customer Service Charter. The results were made known through the print media in Hobart, Launceston and Burnie.

Metro was assessed as performing to a high standard in all categories.

### OTHER ACTIVITIES

Other activities include:

- Significant media exposure promoting the use of:
  - Metro Route Services
  - Metro Charter Services
  - Metro Bus Advertising
- Role as consultant in providing initial operational advice and detailed route planning of a Metro style urban transport service in Devonport.
- Market research surveys (John Birkett and Associates).
- Completed development of the Disability Discrimination Act - Transport Action Plan and its lodgement with the Human Rights and Equal Opportunity Commission.
- Continued the program of productivity and quality service initiatives in maintenance activities.
- Successfully implemented the Year 2000 compliance strategy.
- Successfully planned for the introduction of the new Tax System effective from 1 July 2000.
- Finalised Community Service Agreement Contract with Government for the year ended 30 June 2001.



- Provided a detailed submission to the Government Prices Oversight Commission.
- Completed a cost benchmarking exercise measuring operating performance against other publicly and privately operated bus companies.

#### FARES AND ELIGIBILITY FOR CONCESSION RATES

There were no changes to eligibility for concession fares during 1999/2000. Fares were last increased in July 1996 and represented the third fare increase since 1990.

#### WEB SITE

In order to improve access to information Metro established a site on the internet; [www.metrotas.com.au](http://www.metrotas.com.au). The site was reviewed, upgraded and refreshed during the year. The site provides a comprehensive source of information on Metro and its services. Some web page statistics are as follows:

- Home page hits 73,400
- Countries 50

#### INTERNAL AUDIT

An Internal Audit Committee, chaired by Director Ms S Denny, operates in accord with company policy. Deloitte Touche Tohmatsu have undertaken the Internal Audit task since January 1996. The Internal Audit Committee meets regularly and its primary brief is to manage and report on the Internal Audit program.

#### METRO COACHES (TAS) PTY LTD

The operational and financial performance of Hobart Coaches in its first full year of operations was very satisfactory.

Hobart Coaches expanded its charter operations significantly as the year progressed achieving a solid base for the future and patronage exceeded projections. Whilst an increase in fuel prices impacted heavily on expenditure this was off-set by increases in revenue.

The business prospects for Hobart Coaches are sound and will be enhanced during the next financial year by a review of its timetable services, the first such review since the formation of the company and acquisition of route licences.



Laurie Hansen  
CHIEF EXECUTIVE OFFICER





## Statistics and Performance Indicators

In order to provide figures for comparative purposes, statistics from the period prior to incorporation when services were provided by Metropolitan Transport Trust have been included. Except as indicated, information regarding Metro's subsidiary, Hobart Coaches, has not been included in statistics and performance indicators. It is deemed that incorporation of the information will distort comparisons.

### TIMETABLED SERVICES

The number of first boardings by passenger category on timetabled services, excluding charter and contract services, were:-

Passenger	Number of Trips		Total Patronage		Increase (Decrease) to Previous Year
	1999/2000	1998/99	1999/2000	1998/99	
	000's	000's	%	%	%
Adult Fare	1,736	1,766	22.6	22.8	(1.7)
Adult Concession	2,569	2,497	33.4	32.2	2.9
Child & Student Concession	3,389	3,485	44.0	45.0	(2.8)
TOTAL:	7,694	7,748	100.0	100.0	(0.7)

### PREPAID TICKET USE BY FARE CATEGORY (PERCENTAGE OF FIRST BOARDINGS TIMETABLED SERVICES)

	Adult Concession %	Adult All Categories %	Child/Student %	Total %
1995-96	29.6	25.8	65.0(ii)	50.9(i)
1996-97	31.3	24.1	68.8(ii)	50.0(i)
1997-98	32.3	22.9	66.3(ii)	50.9(i)
1998-99	31.9	22.1	62.8(ii)	49.9(i)
1999-2000	32.0	21.0	63.0(ii)	48.9(i)

(i) Total All Categories - includes as prepaid free trips made by eligible school children.

(ii) Child/Student statistics excludes free school trips.



**PASSENGER TRIPS**  
**(NUMBER OF PASSENGER TRIPS FOR THE YEAR INCLUDING**  
**TRANSFERS, CHARTER AND CONTRACT SERVICES)**

	Hobart	Launceston	Burnie	Total
1995-96	8,583,000	2,261,000	714,000	11,558,000
1996-97	7,908,000	2,086,000	645,000	10,639,000
1997-98	7,390,000	1,993,000	613,000	9,996,000
1998-99	7,165,000	1,855,000	548,000	9,568,000
1999-2000	7,056,000	1,807,000	516,000	9,379,000

**NUMBER OF BUSES IN SERVICE (AS AT 30 JUNE 2000)**

Hobart Coaches Fleet		Metro Fleet			
		Hobart	Launceston	Burnie	Total
M.A.N.	1	12	8	2	23
Mercedes Benz	2	-	4	7	13
Scania	9	106	38	6	159
Volvo Articulated	-	22	-	-	22
Hino Rainbow	-	3	-	-	3
	12	143	50	15	220

In addition, the following buses were held for disposal:

- 1 Mercedes Benz OH1316 (Metro)
- 1 Hino Rainbow (Metro)
- 1 Mercedes Benz 1617 (Hobart Coaches)

and four Scania buses were on lease to Merseylink.



## ENGINEERING <sup>(i)</sup>

	1998/99	1999/2000
Percentage of vehicles in excess of maximum daily demand	11.6	11.7

## WORK PERFORMANCE <sup>(ii)</sup>

Employees per vehicle	1.8	1.8
Sick leave days per full time equivalent employee	6.8	7.3
Number of work injuries resulting in lost time	48	58
Number of employees at 30 June	408	391
Average FTE's during year	376.40 <sup>(iii)</sup>	378.50 <sup>(iii)</sup>
Number of employees entering service	45	56
Number of employees leaving service	47	51

(i) Includes Metro Coaches fleet

(ii) Excludes Metro Coaches Statistics

(iii) Apprentices who are employed under contract from regional training boards are excluded.



6:55am  
10:05

2:19pm



## Directors Report

The Directors of Metro Tasmania Pty Ltd submit herewith the financial report for the 12 months to 30 June 2000.

### PRINCIPAL ACTIVITIES

The consolidated entity's principal activity in the course of the financial year was the provision of bus passenger transport services in the Tasmanian urban centres of Hobart, Launceston and Burnie and through its subsidiary company to Kingston/Blackmans Bay, Channel, Richmond and New Norfolk.

### OVERVIEW OF OPERATIONS

The Tasmanian economy has shown signs of growth during the year and this has reduced the rate of patronage decline. The decline in first boardings patronage was 0.7% as compared with that of the previous year of 3.9% and an average annual decline of 4.6% over the previous four years.

The consolidated profit for the year was \$584,000 before abnormal items and \$763,000 after abnormal items. Wholesale sales tax equivalents and guarantee fees to total \$413,000 were paid to the Government during the year. This is a pleasing outcome in the context that Metro's contract for service provision with the Government is based upon achieving a break even result.

### CHANGES IN STATE OF AFFAIRS

During the twelve months there was no significant change in the state of affairs of the entity other than that referred to in the financial statements or notes thereto.

### SUBSEQUENT EVENTS

There has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

### FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operation of the entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the entity. Accordingly, this information has not been disclosed in this report.

### YEAR 2000

There were no material problems affecting the operations of the business systems in the consolidated group.

### DIVIDENDS

In respect of the twelve months to 30 June 2000 a dividend of \$534,000 after tax has been provided. There were no dividends or distributions made to Shareholders during the year.

### DIRECTOR'S REMUNERATION

Fees paid to Directors are set by the Minister representing the Crown. During the twelve months, no Director has received, or become entitled to receive, a benefit by reason of a contract made by the Company with a director or with a firm of which he or she is a member or an entity in which he or she has a financial interest.

### INDEMNIFICATION OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company Secretary and all Executive Officers of the Company and the related Body Corporate against potential liabilities to the extent permitted by Corporations Law.



## CORPORATE GOVERNANCE

Corporate Governance is the system by which the activities of a company are controlled and coordinated in order for the company to achieve its desired outcomes.

During the year Metro commenced a process of reviewing and consolidating its corporate governance procedures into a corporate governance handbook. This will be completed during 2000/2001.

The role of the Board is to direct the management of Metro in meeting the aspirations of shareholders (the Crown).

The Board performs this role by:

- Appointing and monitoring the performance of the CEO;
- Clearly identifying and enunciating the strategic direction for Metro;
- Identifying and addressing the principal risks for Metro Tasmania Pty Ltd ;
- Monitoring the conduct and performance of the Company through an integrated framework of controls;
- Ensuring all Metro's business is conducted in an honest, open and ethical manner; and
- Ensuring adequate succession planning.

## AUDIT COMMITTEE

Metro has an Internal Audit Committee chaired by the Chairperson of the Board and involving Metro's internal auditor. This committee closely monitors the operational and financial aspects of the company's activities, and develops recommendations for action regarding financial and operational risks facing the company. The Chairperson reports to the Board on Internal Audit Committee matters.

## RISK MANAGEMENT

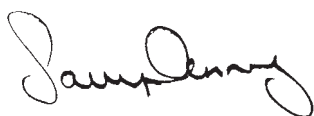
The Board is responsible for the Company's system of internal controls. The Board constantly monitors the operational and financial aspects of the Company's activities and, through the audit committee, the Board considers the recommendations and advice of external advisers on the operational and financial risks that face the Company.

## ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order amounts in the Directors Report and the Financial Report have been rounded off to the nearest thousand dollars.

Signed in accordance with the resolutions of the Directors made pursuant to Section 298 of the Corporations Law:

On behalf of the Directors



Sally Denny  
CHAIRPERSON OF DIRECTORS

Hobart, October 2000



4:11pm  
2:07am  
5:21  
1:13pm



## Statement by Directors

In the Directors' opinion:

- (a) The attached profit and loss account of the company gives a true and fair view of the company's profit for the financial year ended 30 June 2000.
- (b) The attached balance sheet of the company gives a true and fair view of the company's state of affairs as at 30th June 2000; and
- (c) There are, when this statement is made out, reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors made pursuant to S.303(2) of the Corporations Law.

On behalf of the Directors

Acting Chairperson, Board of Directors

Member of Board of Directors

24 September 2000

## Independent Audit Report

TO THE MEMBERS OF METRO TASMANIA PTY LTD

### SCOPE

I have audited the financial report of the Metro Tasmania Pty Ltd for the financial year ended

30 June 2000 as set out on pages 17 to 31 including the Directors' Declaration.

The Company's Directors are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the Members of the Company.

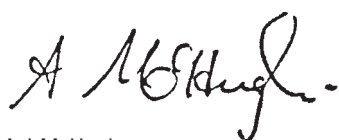
The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with my understanding of the financial position of the Company, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### AUDIT OPINION

In my opinion the financial report of Metro Tasmania Pty Ltd is in accordance with:

- (a) The Corporations Law, including
  - (i) giving a true and fair view of the company's financial position as at 30 June 1999 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



A J McHugh  
AUDITOR-GENERAL

13 October 2000

HOBART



9:12pm  
11:55pm  
4:59am  
3:32



# BALANCE SHEET

as at 30 June 2000

		Consolidated		Company	
		2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>Current Assets</b>	Note				
Cash		175	379	174	356
Receivables	2	380	611	417	649
Inventories	3	700	820	697	820
Investments	4	2 673	1 076	2 673	1 076
Other	5	260	318	254	318
<b>Total Current Assets</b>		<b>4 188</b>	<b>3 204</b>	<b>4 215</b>	<b>3 219</b>
<b>Non-Current Assets</b>					
Investments	4	2 599	3 040	2 599	3 040
Property, plant and equipment	6,12	27 800	30 778	26 457	29 470
Intangibles	7	143	159	0	0
Other	8	0	0	1 400	1 400
<b>Total Non-Current Assets</b>		<b>30 542</b>	<b>33 977</b>	<b>30 456</b>	<b>33 910</b>
<b>Total Assets</b>		<b>34 730</b>	<b>37 181</b>	<b>34 671</b>	<b>37 129</b>
<b>Current Liabilities</b>					
Accounts payable		1 497	1 348	1 467	1 320
Borrowings	9	514	5 923	514	5 923
Provisions	10	3 828	3 142	3 801	3 118
<b>Total Current Liabilities</b>		<b>5 839</b>	<b>10 413</b>	<b>5 782</b>	<b>10 361</b>
<b>Non-Current Liabilities</b>					
Borrowings	9	3 179	901	3 179	901
Provisions	10	9 804	10 189	9 794	10 180
<b>Total Non-Current Liabilities</b>		<b>12 983</b>	<b>11 090</b>	<b>12 973</b>	<b>11 081</b>
<b>Total Liabilities</b>		<b>18 822</b>	<b>21 503</b>	<b>18 755</b>	<b>21 422</b>
<b>Net Assets</b>		<b>15 908</b>	<b>15 678</b>	<b>15 916</b>	<b>15 687</b>
<b>Equity</b>					
Shareholders' equity	11	15 498	15 494	15 498	15 494
Retained profits		410	184	418	193
<b>Total Equity</b>		<b>15 908</b>	<b>15 678</b>	<b>15 916</b>	<b>15 687</b>

The Balance Sheet is to be read in conjunction with the accompanying Notes to the Financial Statements.



# BALANCE SHEET

as at 30 June 2000

		Consolidated		Company	
	Note	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>Current Assets</b>					
Cash		175	379	174	356
Receivables	2	380	611	417	649
Inventories	3	700	820	697	820
Investments	4	2 673	1 076	2 673	1 076
Other	5	260	318	254	318
<b>Total Current Assets</b>		<b>4 188</b>	<b>3 204</b>	<b>4 215</b>	<b>3 219</b>
<b>Non-Current Assets</b>					
Investments	4	2 599	3 040	2 599	3 040
Property, plant and equipment	6,12	27 800	30 778	26 457	29 470
Intangibles	7	143	159	0	0
Other	8	0	0	1 400	1 400
<b>Total Non-Current Assets</b>		<b>30 542</b>	<b>33 977</b>	<b>30 456</b>	<b>33 910</b>
<b>Total Assets</b>		<b>34 730</b>	<b>37 181</b>	<b>34 671</b>	<b>37 129</b>
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Accounts payable		1 497	1 348	1 467	1 320
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<b>Non-Current Liabilities</b>					
Borrowings	9	3 179	901	3 179	901
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<b>Total Non-Current Liabilities</b>		<b>12 983</b>	<b>11 090</b>	<b>12 973</b>	<b>11 081</b>
<b>Total Liabilities</b>		<b>18 822</b>	<b>21 503</b>	<b>18 755</b>	<b>21 422</b>
<b>Net Assets</b>		<b>15 908</b>	<b>15 678</b>	<b>15 916</b>	<b>15 687</b>
<b>Equity</b>					
Shareholders' equity	11	15 498	15 494	15 498	15 494
Retained profits		410	184	418	193
<b>Total Equity</b>		<b>15 908</b>	<b>15 678</b>	<b>15 916</b>	<b>15 687</b>

The Balance Sheet is to be read in conjunction with the accompanying Notes to the Financial Statements.

# PROFIT AND LOSS STATEMENT

For the year ended 30 June 2000

	Note	Consolidated		Company	
		2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>Operating Profit before Abnormal items</b>	12,16	584	435	583	444
<b>Abnormal Items</b>	13	179	(504)	179	(504)
<b>Operating Profit before Taxation Equivalent</b>		763	(69)	762	(60)
Taxation Equivalent Benefit	18	0	0	0	0
<b>Operating Profit after Taxation Equivalent</b>		763	(69)	762	(60)
<b>Loss on Extraordinary Item</b>		0	(2 196)	0	(2 196)
Tax Equivalent Benefit Attributable to Loss on Extraordinary Item		0	0	0	0
<b>Loss on Extraordinary Item after Tax Equivalent</b>		0	(2 196)	0	(2 196)
<b>Operating Profit and Extraordinary Items after Taxation Equivalent</b>		763	(2 265)	762	(2 256)
<b>Retained Profits at 1 July 1999</b>		184	257	193	257
Transfer from Shareholders Equity on Formation	11	0	2 196	0	2 196
<b>Total Available for Appropriation</b>		947	188	955	197
Dividends provided for	19	533	0	533	0
Transfer to Shareholders Equity on Formation	11	4	4	4	4
<b>Retained Profits at 30 June 2000</b>		410	184	418	193

The Operating Statement is to be read in conjunction with the accompanying Notes to the Financial Statements

## STATEMENT OF CASH FLOWS

as at 30 June 2000

	Consolidated		Company	
	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>Cash Flows from Operating Activities</b>				
Inflows				
Receipts from Customers	29 159	26 775	27 979	26 723
	29 159	26 775	27 979	26 723
Outflows				
Payments to Suppliers and Employees	25 010	37 773	24 138	37 846
Payments for Interest Expense	427	522	427	522
	25 437	38 295	24 565	38 368
Net Cash Provided by Operating Activities (Note 17 (c))	3 722	(11 520)	3 414	(11 645)
<b>Cash Flows from Investing Activities</b>				
Inflows				
Interest on Securities and Lending	335	651	471	667
Proceeds on Sale and Maturity of Securities	2 500	12 650	2 500	12 650
Proceeds on Sale Fixed Assets	1 073	255	1 073	255
	3 908	13 556	4 044	13 572
Outflows				
Purchase of Property, Plant and Equipment	1 047	1 875	853	550
Purchase of Intangible Assets	0	161	0	0
Purchase of Securities	3 656	591	3 656	591
Funds Loaned to Subsidiary	0	0	0	1400
	4 703	2 627	4 509	2 541
Net Cash Used in Investing Activities (Note 17 (b))	(795)	10 929	(465)	11 031
<b>Cash Flows from Financing Activities</b>				
Inflows				
Proceeds from Borrowings	2 792	0	2 792	0
	2 792	0	2 792	0
Outflows				
Retirement of Treasury Loans	631	51	631	51
Retirement of Private Borrowings	5 292	0	5 292	0
	5 923	51	5 923	51
Net Cash Used in Financing Activities	(3 131)	(51)	(3 131)	(51)
<b>Increase in Cash held</b>	(204)	(642)	(182)	(665)
Cash at beginning of Financial Year	379	1 021	356	1 021
<b>Cash at end of Financial Year (Note 17 (a))</b>	175	379	174	356

The Statement of Cash Flows is to be read in conjunction with the accompanying Notes to the Financial Statements

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2000

## 1. Statement of Significant Accounting Policies

### (a) General

Metro Tasmania Pty Ltd was incorporated on 2 February 1998 under the *Metro Tasmania Act 1997*. This company is the successor in law of Metropolitan Transport Trust. On the date of incorporation the property of the Trust was vested in Metro Tasmania Pty Ltd and the liabilities of the Trust became the liabilities of Metro Tasmania Pty Ltd.

Shares issued to the members of the Company (2 shares at \$1 each) are held in trust for the Crown by the Stakeholder Minister (The Treasurer) and the Portfolio Minister (Minister for Infrastructure Energy and Resources).

### Basis of Accounting

The financial statements are a general purpose financial report which has been prepared in accordance with applicable Accounting Standards, Urgent Issues Groups Consensus Views and the Corporations Law.

The financial statements have been prepared on an historical cost basis and do not take into account changing money values.

### (b) Basis of Valuation of Fixed Assets

Fixed assets have been valued at cost. Refer notes 6 (b) and 6 (c).

### (c) Borrowings

Loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accruals basis.

### (d) Depreciation

Fixed assets other than freehold land have been depreciated over their useful lives using the straight line method. The following estimated useful lives are used in calculation of depreciation:

Buildings	40 years
Bus Fleet	16 to 20 years
Route Infrastructure	10 years
Other Plant and Equipment	10 years
Electronic Ticketing	5 years
Information Technology Equipment	4 years
Auxiliary Vehicles	4 years

### (e) Licences

Licences held by the subsidiary company, which allow it to operate timetabled services on specified routes and provide charter services have been recorded at cost and amortised on a straight line basis over a period of 10 years.

### (f) Investments

Funds are invested as authorised by the *Trustee Act 1898*. Funds held for superannuation purposes are managed by an external fund manager. The fund manager was appointed in October 1995 with a mandate to invest in an Australian fixed interest portfolio in investments authorised by the *Trustee Act 1898*. Interest income is brought to account on the basis of the fund book value.

### (g) Inventories

Inventories have been valued at the lower of average cost or net realisable value, with the exception of reconditioned stock which is valued at the lower of historic cost or net realisable value. Inventories consist of bus spare parts, fuel and consumable stores.

### (h) Employee Benefits and Entitlements

#### (i) Retirement Benefits Fund Entitlements

The provision for Retirement Benefits covers employees who are contributory members, former employees in receipt of pension, and preserved entitlements retained for former employees. With respect to contributors, their scheme is a defined benefits scheme.

Each year, the State Actuary conducts a valuation of the past service and accrued liabilities within the Retirement Benefits Fund defined benefit scheme at the reporting date. Any shortfall between the value of these benefits and the market value of the Retirement Benefits Fund assets relevant for those members determines the value of any unfunded superannuation liability, and is shown as a liability in the Statement of Financial Position.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2000

The funding status of Metro Tasmania's share of the defined benefit schemes at the reporting date, based on actuarial valuations, is summarised as follows:

<b>Retirements Benefits Act 1993</b>	<b>30 June 2000 \$</b>
Vested Benefits	14 659 019
Accrued Benefits	13 539 749
Net Market Value of Plan Assets	3 536 972
Deficit	10 002 777

The assumptions that were used to determine these amounts are set out in a Report prepared by Peter Crump FIAA, dated 7 August 2000. The main economic assumptions were:

Discount Rate (Pensioners)	8.5 % p.a.
Discount Rate (others)	8.0 % p.a.
Interest Rate	8.0 % p.a.
Salary Increase Rate	5.7 % p.a.
AWOTE Increases	4.5 % p.a.
CPI Increases	3.45 % p.a.

**(ii) Leave Entitlements**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and it is capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave and long service leave, expected to be settled within 12 months, are measured at nominal value.

Provision is made in respect of long service leave, not expected to be settled within 12 months and measured as the net present value of the estimated future cash outflows, based on the past service of each employee up to the reporting date.

Provision for annual leave and long service leave includes related on-costs in accordance with AASB 1028 'Accounting for Employee Entitlements'.

With the exception of Staff members, employee sick leave is cumulative. The sick leave system for Staff members is based on a period of a triennium. Sick leave entitlements are not vested in employees, are not considered to give rise to a liability and therefore no provision has been made.

**(i) Taxation**

The Company adopts the liability method of tax-effect accounting whereby the income tax equivalent expense shown in the profit and loss account is based on the operating profit before income tax equivalent adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax equivalents and taxable income, are brought to account as either provision for deferred income tax equivalent or an asset described as future income tax equivalent benefit at the rate of income tax equivalent applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax equivalent benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax equivalent benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income and comply with conditions of deductibility imposed by the law. Refer Note 18 (b).

**(j) Principles of Consolidation**

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the economic entity, being Metro Tasmania Pty Ltd (the parent entity) and its controlled entity Metro Coaches (Tas) Pty Ltd. Refer Note 22. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of Metro Coaches (Tas) Pty Ltd from the date on which the company obtained control.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the economic entity are eliminated in full.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2000

	Consolidated		Company	
	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>2. Receivables</b>				
Accounts Receivable	385	617	360	581
Amount due from Subsidiary, Metro Coaches (Tas) Pty Ltd	0	0	62	75
Less Provision for Doubtful Debts	(5)	(7)	(5)	(7)
	380	610	417	649
Movements in Provision for Doubtful Debts				
Balance brought forward	7	2	7	2
Add Increase to provision	1	6	1	6
	8	8	8	8
Less Amounts written off	3	1	3	1
Balance carried forward	5	7	5	7

All delinquent accounts have been reviewed and it is considered that the Provision of \$4 863 (1999 \$6 574) is adequate. Debts of \$2 747 (1999 \$1 400) have been written off as unrecoverable.

	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>3. Inventories</b>				
Inventories	757	889	754	889
Less Provision for Obsolescence	57	69	57	69
	700	820	697	820
Movements in Provision for Stock Obsolescence				
Balance brought forward	69	63	69	63
Add Adjustment to provision	(13)	8	(13)	8
	56	71	56	71
Less Disposals and amounts written off	1	2	1	2
	57	69	57	69

Inventories at 30 June 1999 included an amount of \$107 269 for Wholesale Sales Tax Equivalent. Wholesale Sales Tax Equivalent paid on inventories at 30 June 2000 is not included in the value of inventories due to the introduction of National Tax Reform which replaces the Wholesale Sales Tax Equivalent system. (Note 13) Provision of \$ 56 591 (1999 \$68 941) has been made for obsolete and damaged stock and to reduce the value of stock to the lower of average costs (with the exception of reconditioned stock which is at historical cost) or realisable value.

	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>4. Investments</b>				
Share in Controlled Entity - one \$1 share Refer Note 22	0	0	0	0
Managed Funds (i)				
Cash at Bank and Fixed Interest	2 673	1 076	2 673	1 076
Securities maturing after one year	2 599	3 040	2 599	3 040
	5 272	4 116	5 272	4 116
Current Investments	2 673	1 076	2 673	1 076
Non-Current Investments	2 599	3 040	2 599	3 040
	5 272	4 116	5 272	4 116

(i) The market value of Managed Funds at 30 June 2000 is \$5 273 149 (1999 \$4 163 150)

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2000

	Consolidated		Company	
	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>5. Other Current Assets</b>				
Prepayments	260	318	254	318
	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>6. Property, Plant and Equipment</b>				
Land — At Cost	3 963	3 963 (b)	3 963	3 963
Buildings — At Cost	4 390	4 292 (b)	4 390	4 292
Less Accumulated Depreciation	268	161	268	161
	4 122	4 131	4 122	4 131
Route Infrastructure — At Cost	1 630	1 529	1 617	1 516
Less Accumulated Depreciation	1 316	1 175	1 314	1 175
	315	354	303	341
Office Equipment — At Cost	2 641	2 518	2 641	2 518
Less Accumulated Depreciation	2 245	2 075	2 245	2 075
	397	443	397	443
Electronic Ticketing & Communication Equipment — At Cost	3 730	3 636	3 710	3 633
Less Accumulated Depreciation	3 096	2 916	3 095	2 916
	634	720	614	717
Plant & Equipment — At Cost	1 121	1 120	1 121	1 120
Less Accumulated Depreciation	1 025	1 007	1 025	1 007
	96	113	96	113
Auxiliary Vehicles — At Cost	485	470	485	470
Less Accumulated Depreciation	249	237	249	237
	236	233	236	233
Buses — At Cost	22 768	23 560 (c)	21 283	22 251
Less Accumulated Depreciation	4 849	2 856	4 676	2 839
	17 919	20 704	16 607	19 412
Work in Progress — At Cost	118	117	118	117
Total Fixed Assets — At Cost	40 849	41 205	39 330	39 880
Total Depreciation	13 048	10 427	12 873	10 410
Total Written Down Value	27 800	30 778	26 457	29 470

**(a) Disposal of Non-Current Assets**

Fixed Assets of written down value \$1 033 517 (1999 \$252 440) were sold during the year for gross proceeds of \$1 073 827 (1999 \$254 697) which resulted in a profit on sale of \$40 310 (1999 \$2 257).

**(b) Valuation of Land and Buildings**

Land and Buildings were vested in Metro Tasmania on 2 February 1998 on the basis of independent valuation immediately prior to acquisition. An independent valuation of Freehold Land and Buildings was performed as at 1 February 1998 by Mr D Saunders F.V.L.E. (Val), B.Ec. Dip (Val) of Saunders and Pitt. This valuation was performed on the basis of 'Current Market Value in the Existing Use'.

**(c) Valuation of Buses**

Buses were vested in Metro Tasmania on 2 February 1998 on the basis of independent valuation immediately prior to acquisition. An independent valuation of 'in service' buses was performed as at 1 February 1998 by Mr R A van Raay AVLE (P & M), ASA (M & TS), AIMM of Arthur Anderson. The valuation was performed on the basis of 'Market Value for Existing Use'. This approach assumes that the asset could be sold in the market for its existing use.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2000

	Consolidated		Company	
	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>6. Property, Plant and Equipment (continued)</b>				
<b>(d) Depreciation Expense</b>				
Buildings	107	107	107	107
Route Infrastructure	141	145	139	145
Office Equipment	270	371	270	371
Electronic Ticketing & Communication Equipment	180	153	179	153
Plant & Equipment	25	27	25	27
Auxiliary Vehicles	95	97	95	97
Buses	2 173	2 051	2 017	2 035
	<u>2 991</u>	<u>2 952</u>	<u>2 833</u>	<u>2 935</u>
	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>7. Intangibles</b>				
Licences — At Cost                      Refer Note 1 (e)	161	161	0	0
Less Accumulated Amortisation	18	2	0	0
	<u>143</u>	<u>159</u>	<u>0</u>	<u>0</u>
<b>Amortisation Expense</b>		(41 days)		
Licences	16	2	0	0
	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>8. Other Non Current Assets</b>				
Loan to Subsidiary, Metro Coaches (Tas) Pty Ltd	0	0	1 400	1 400
	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>9. Borrowings</b>				
Private Borrowings at Consideration	2 792	5 292	2 792	5 292
Treasury Borrowings	901	1 532	901	1 532
Total Borrowings	<u>3 693</u>	<u>6 824</u>	<u>3 693</u>	<u>6 824</u>
Movements in Borrowings:				
Current:				
Not later than one year	514	5 923	514	5 923
Non Current:				
Later than 1 year and not later than 2 years	2 937	514	2 937	514
Later than 2 years and not later than 5 years	207	318	207	318
Later than 5 years	35	69	35	69
	<u>3 179</u>	<u>901</u>	<u>3 179</u>	<u>901</u>
Total Borrowings	<u>3 693</u>	<u>6 824</u>	<u>3 693</u>	<u>6 824</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2000

		Consolidated		Company	
		2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>10. Provisions</b>					
(a) Summary					
<b>Current Liability</b>					
Dividends	Refer Note 19	533	0	533	0
Retirement Benefits	Refer Note 1 (h)(i)	457	480	457	480
Accrued Leave		2 292	2 337	2 265	2 313
Workers Compensation	Refer Note 13	546	325	546	325
		3 828	3 142	3 801	3 118
<b>Non-Current Liability</b>					
Retirement Benefits	Refer Note 1 (h)(i)	9 546	9 872	9 546	9 872
Accrued Leave		258	317	248	308
		9 804	10 189	9 794	10 180
		13 632	13 331	13 595	13 298

Superannuation expense of \$1 511 778 (1999 \$1 969 770) is included in Operating Profit before Abnormal Items.

		2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>11. Shareholders Equity</b>					
Issued Capital:					
Two shares of \$1 each					
Equity		15 494	17 685	15 494	17 685
Less Transfer to Retained Profits					
Loss on Extraordinary Item:					
Under provision for employee					
Superannuation withdrawal					
		0	(2 196)	0	(2 196)
Add Transfer from Retained Profits					
Commonwealth Contributions to					
National Debt Commission					
		4	4	4	4
		15 498	15 494	15 498	15 494



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2000

		Consolidated		Company	
		Revenue 2000 \$ 000's	Revenue 1999 \$ 000's	Revenue 2000 \$ 000's	Revenue 1999 \$ 000's
<b>12. Segment Information by Location</b>					
Metro operates bus services in Hobart, Launceston and Burnie					
REVENUE					
Hobart		22 996	21 454	21 957	21 382
Launceston		4 789	4 848	4 789	4 848
Burnie		1 449	1 348	1 449	1 348
Total		29 233	27 650	28 194	27 578
RESULT BEFORE ABNORMAL ITEMS					
		Results before Abnormals 2000 \$ 000's	Results before Abnormals 1999 \$ 000's	Results before Abnormals 2000 \$ 000's	Results before Abnormals 1999 \$ 000's
Hobart		447	430	446	439
Launceston		104	71	104	71
Burnie		33	(66)	33	(66)
Total		584	435	583	444
FIXED ASSETS					
		Fixed Assets 2000 \$ 000's	Fixed Assets 1999 \$ 000's	Fixed Assets 2000 \$ 000's	Fixed Assets 1999 \$ 000's
Hobart		19 997	21 888	18 654	20 580
Launceston		6 135	7 023	6 135	7 023
Burnie		1 668	1 867	1 668	1 867
Total		27 800	30 778	26 457	29 470
		2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>13. Abnormal Items</b>					
Items credited as revenue:					
Reduction in Superannuation Provision	(i)	649	0	649	0
Tax equivalent effect		(234)	0	(234)	0
		415	0	415	0
Items charged as an expense:					
Increase in Workers Compensation Provision	(ii)	250	0	250	0
Tax equivalent effect		(90)	0	(90)	0
		160	0	160	0
Government Prices Oversight Commission	(iii)	130	0	130	0
Tax equivalent effect		(47)	0	(47)	0
		83	0	83	0
Wholesale Sales Tax Equivalent					
Stock Adjustment	(iv)	90	0	90	0
Tax equivalent effect		(32)	0	(32)	0
		58	0	58	0

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2000

	Consolidated		Company	
	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>13. Abnormal Items (continued)</b>				
Superannuation Charge	0	504	0	504
Tax equivalent effect	0	(181)	0	(181)
	0	323	0	323
Total abnormal items	179	504	179	504
Tax equivalent effect	(65)	(181)	(65)	(181)
	114	323	114	323

- (i) As a result of the *Public Sector Reform Act 1999*, Metro has no liability to provide funding for members of the RBF Non-contributory Scheme until and from 25 April 2000. The abnormal item represents the write back of the provision balance at 30 June 1999 for these Non-contributory members which is no longer required. This also resulted in a superannuation saving in 1999-2000. The notional superannuation charge for these Non-contributory members which would otherwise have been incurred in 1999-2000, is estimated at \$551 000.
- (ii) Increase in provision for expected cost of claims relating to prior workers compensation scheme exited by the Metropolitan Transport Trust on 30 June 1996, the liability for which vested in Metro Tasmania Pty Ltd on incorporation on 2 February 1998.
- (iii) The Government Prices Oversight Commission conducted a review of Metro in 1999-2000. Costs consist of the Commission's costs and consultancy costs incurred by Metro. Costs exclude Metro's internal costs.
- (iv) The write-off of the Wholesale Sales Tax Equivalent component of engineering stock as the result of National Tax Reform and the introduction of GST.

**14. Directors' Remuneration**

The Board of Directors of Metro Tasmania Pty Ltd was composed of the following individuals during 2000:

Mrs S Denny (Chairperson)

Mr J.B. Lees (Deputy Chairperson)

Mrs K.J. Clarke

Mr M.J. Wisby

Mr C.F. Van Buren appointed December 1999

Directors fees of \$50 673 (1999 \$25 846) and superannuation contributions of \$3 270 (1999 \$787) were paid in the period to 30 June 2000.

	Company	
	2000 No.	1999 No.
The numbers of Directors whose total remuneration falls within each successive \$10 000 band of income:		
\$0 - \$9 999	4	7
\$20 000 - \$29 999	1	0

There were no transactions with Directors or Director related entities during the financial year.

**15. Auditors' Remuneration**

Amounts payable to the Auditor-General in respect of auditing the financial report for the year ended 30 June 2000

	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
	43	49	43	49

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2000

	Consolidated		Company	
	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>16. Operating Profit</b>				
<b>Operating Revenue:</b>				
Traffic Operations	27 571	26 109	26 378	26 021
Interest on Investments	335	651	471	667
Advertising Income	681	611	649	611
Rental Income	186	142	186	142
Other Income (includes profit on sale assets Note 6(a)) (Note 12)	460	137	511	137
	29 233	27 650	28 194	27 578
<b>Operating Expenses:</b>				
Traffic Operations	20 666	19 747	19 842	19 683
Engineering and Maintenance Services	3 757	3 470	3 583	3 455
Administration and General (includes doubtful debts provided Note 2)	3 799	3 476	3 759	3 474
Interest Expense	427	522	427	522
	28 649	27 215	27 611	27 134
<b>Operating Profit before Abnormal Items</b>	585	435	583	444

	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>17. Notes to the Statement of Cash Flows</b>				
(a) For purposes of the Statement of Cash Flows cash is considered to include cash on hand and in banks, it excludes cash held as an investment. Cash as shown in the statement of cash flows is reconciled to the beginning and end of financial year as follows:-				
Cash at Bank and at Call	175	379	174	356
	175	379	174	356
(b) Cash related to Investing Activities				
Interest earned on investments, held to fund superannuation liabilities, has been treated as cash from investing activities.				
(c) Reconciliation of net cash provided by Operating Activities to Operating Result				
Profit (Loss) and Extraordinary Items after Taxation Equivalent	763	(2 265)	762	(2 256)
Depreciation	2 992	2 951	2 833	2 935
Amortisation	16	2	0	0
Decrease in Provision for Doubtful Debts	(2)	5	(2)	5
Decrease in Debtors and Other Receivables	303	(152)	298	(191)
Decrease in Provision for Inventory Obsolescence	(12)	6	(12)	6
Decrease in Inventory	132	98	135	98
Increase in Accounts Payable	136	44	147	17
Decrease in Employee Entitlements	(452)	(11 508)	(457)	(11 542)
Income from Loan to Subsidiary	0	0	(136)	(16)
Profit on Sale of Fixed Assets	(40)	(3)	(40)	(3)
Income from Investments	(335)	(651)	(335)	(651)
Increase in Provision for Workers Compensation	221	(47)	221	(47)
<b>Net cash provided by operating activities</b>	3 722	(11 520)	3 414	(11 645)

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2000

	Consolidated		Company	
	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>18. Taxation Equivalents</b>				
(a) The prima facie tax on operating profit is reconciled to the taxation equivalent payable provided in the accounts as follows:-				
Operating profit (loss) and extraordinary items before income tax	763	(2 265)	762	(2 256)
Prima facie tax payable on operating profit (loss) before income tax at 36%	275	(815)	274	(812)
Add Tax effect of:				
Non-deductible depreciation on buildings	39	39	39	39
Other non-deductible expenses	9	3	3	2
Non-deductible superannuation-former employees	53	142	53	142
Tax Losses transferred	0	0	0	1
Effect on Future Income Tax Benefit and Provision for Deferred Income Tax due to the change in tax rates	632	0	631	0
	733	184	725	185
Subtract Tax effect of:				
Building allowance write-off	(154)	(154)	(154)	(154)
Other deductible expenses	0	(1)	0	(1)
Non-assessable income	0	(15)	0	(15)
Timing differences and tax losses not brought to account as provision for deferred income tax (Note 18 (b))	(853)	818	(846)	798
Employee provisions transferred on capital account on acquisition	0	(17)	0	0
	(1 007)	631	(1 000)	628
Income tax equivalent expense attributable to Operating Profit (loss) before Income Tax	0	0	0	0
(b) Future income tax benefit not brought to account, the benefit of which will only be realised if the conditions for deductibility set out in Note 1 (i) occur. These figures have been stated to reflect the changes in the Income Tax Rate to 34% for 2000/01 and then 30% in subsequent financial years.				
- timing difference	(2 314)	(4 063)	(2 294)	(4 083)
- tax losses	6 240	7 492	6 207	7 492
	3 926	3 429	3 913	3 409
<b>19. Dividends</b>				
Dividends provided for the financial year	533	0	533	0

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2000

	Consolidated		Company	
	2000 \$ 000's	1999 \$ 000's	2000 \$ 000's	1999 \$ 000's
<b>20. Commitments and Contingent Liabilities</b>				
Capital Expenditure Commitments:				
Not longer than one year - contracted	89	287	89	287

## Contingent Liabilities

Dispute with supplier of goods. Metro is advised that the estimated cost will not exceed \$85 000. Metro believes the claim can be successfully defended and therefore no loss will be incurred.

## 21. Economic Dependency

A significant volume of Metro's operations are performed under contract to the State Government. The contract expiring on 30 June 2000 has been extended by a Variation while negotiations for a new contract for the year ended 30 June 2001 is negotiated. Revenue received under the State service contract for the year ended 30 June 2000 was \$18.73 million.

## 22. Controlled Entity

	Country of Incorporation	Ownership Interest	
Parent Entity			
Metro Tasmania Pty Ltd	Australia		
Controlled Entity			
Metro Coaches (Tas) Pty Ltd	Australia	100%	from 7 May 1999

## 23. Financial Instruments

### Cash

Cash is measured at nominal amounts. Exposure to interest rate and credit risks is considered to be minimal.

### Receivables

Trade receivables and other receivables are recorded at nominal amounts due less any provision for doubtful debts (refer Note 2). A significant volume of Metro's operations are performed for the State Government or are received as cash fares. Accordingly, exposure to credit risk is minimal. Trade Receivables are recognised on delivery of services to customers.

### Investments

Metro's investment portfolio as per Note 4 is brought to account at 'Written Up Book Value' which is the net dollar value of a security at the start of an accounting period increased by the original purchase yield to maturity. The written up book value approach ignores market fluctuations by bringing profits to account at the purchase yield to maturity based on the assumption that the security will be held to maturity and not traded.

## 2000

	weighted average coupon rate (i)	Fixed interest maturing in:			Total 2000 \$000's
		less than 1 year \$000's	over 1 to 5 years \$000's	more than 5 years \$000's	
Commonwealth Government	8.91%	0	1 032	1 404	2 436
Semi-Government	6.00%	0	0	163	163
		0	1 032	1 567	2 599
Add Cash and Deposits		2 673			2 673
<b>Total Managed Funds</b>		<b>2 673</b>	<b>1 032</b>	<b>1 567</b>	<b>5 272</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

as at 30 June 2000

**23. Financial Instruments (continued)****1999**

	weighted average coupon rate (i)	less than 1 year \$000's	Fixed interest maturing in: over 1 to 5 years \$000's	more than 5 years \$000's	Total 1999 \$000's
Commonwealth Government	9.17%	895	1 639	935	3 469
Semi-Government	7.3%	0	303	163	466
		895	1 942	1 098	3 935
Add Cash and Deposits		181			181
<b>Total Managed Funds</b>		<b>1 076</b>	<b>1 942</b>	<b>1 098</b>	<b>4 116</b>

(i) Calculated as the face value multiplied by the coupon rate and then expressed as a percentage of the cost.

**Accounts Payable**

Accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods or services. Measurement is based on the agreed purchase/contract cost. The amounts are unsecured and are normally settled within 30 days.

**Borrowings**

Borrowings are carried on the balance sheet at their face value. Private borrowings are interest only, at a rate of 6.9% plus guarantee fees, and mature on 16 March 2002. The term of Treasury loan funds is to 1 July 2005 and they are subject to a weighted average interest rate of 10.76% plus guarantee fees. The net fair value of the loans at 30 June 2000 using discounted cash flow analysis based on similar types of borrowing arrangements has been estimated as follows:

	Net Fair Value
Private Borrowings	\$2 861 421
Treasury Borrowings	\$969 430

Refer Note 9 for timing of future repayments.

Interest expense is accrued at the contracted rate and is included in Accounts Payable.

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# Metro

# Metro

## Tasmania